

## MARKETING

# The search for excellence

It is difficult to mention excellence without reference to the work by Peters and Waterman in their best-selling book, *In Search of Excellence*. Their endeavours have been met with reservations in academic circles, but, written as it is in an informal style with obvious appeal to practising managers, it has enjoyed considerable influence among this audience. In their book, that appeared in 1982, Peters and Waterman assess a sample of 62 US companies on three criteria. These are: (1) *Large size* (2) *Sustained financial performance* (3) *Innovative capability*, over the 20 year period: 1961 to 1980. A twenty five year literature review plus interviews were used to analyse a final sample of 43 companies. Based mostly on this analysis of these firms, Peters and Waterman identified eight organisational design attributes that they assert distinguish excellent companies, the characteristics of which, are the basis of their book. The attributes are as follows:

(1) *A bias for action* - getting on with it and overcoming the inertia that often comes with size.

(2) *Close to the customer* - understanding the needs of 'lead' users and providing the desired

*Excellence is an objective many managers would gladly profess to strive for. Many would also agree on the critical importance of imbuing their firm with the requirements for excellence particularly if these factors contribute to corporate performance. Albert Caruana asks: What exactly do we mean by excellence? Can excellence be measured? Can excellence be implemented? Is excellence more than just another slogan?*

levels of service, quality and reliability.

(3) *Autonomy and entrepreneurship* - devolution, providing space and support for creative ideas that lead to innovative product launches.

(4) *Productivity through people* - people are seen as the primary source of productivity gains.

(5) *Hands on, value driven* - The organisation's values result in a distinct and binding culture that gives direction to action by all members.

(6) *Stick to the knitting* - concentration on and development of the organisation's areas of distinct competence.

(7) *Simple form, lean staff* - simple organisation structures, with efficient management

supported by small staff teams.

(8) *Simultaneous loose-tight properties* - an effective balance between central direction and individual authority.

## Reactions

The book sparked off much interest and research into excellence. Many have disagreed with the narrow definition of excellence used, and suggested that excellence depends not just on eight attributes, but also on several other aspects. These include such variables as: corporate strategy, technology, finance, raw materials, and government policy. An instrument possessing satisfactory levels of reliability and validity, known as EXCEL, has also been developed to measure whether a company is excellent on the conceptualisation of excellence of Peters and Waterman. Other authors have questioned the link identified between excellence and performance arguing that had (what they believe are) better ratios to measure performance been used the results would have been different. Academics have often tended to be particularly critical. Some cynics have argued that it is perhaps because academics tend not to produce such interesting books!

## Excellence is multidimensional

Excellence has often been seen as unidimensional. Measures used have included those of profitability, growth rate, shareholders' value, quality and service, and others such as employee satisfaction and community interest. However,

## Peters and Waterman's excellence model

1. Size
2. Performance
3. Innovativeness

## EXCELLENCE

## ATTRIBUTES

1. A bias for action
2. Close to customers
3. Autonomy & entrepreneurship
4. Productivity through people
5. Hands on, value driven
6. Stick to the knitting
7. Simple form, lean staff
8. Simultaneous loose tight properties

focusing on one goal and seeking excellence in it results in disequilibrium. A recent survey of 1700 executives from over 220 companies ranked Shell, Glaxo and Marks and Spencer as the three most excellent companies in the UK.

In this survey the respondents were asked to rate British publicly quoted firms out of a maximum of ten points. The survey was not restricted to conventional single measures such as profit ratios or share price rises but focused on eight different spotlights. These were: (1) quality of management, (2) financial soundness, (3) quality of products or services, (4) ability to attract, develop and retain top talent, (5) value as a long term investment, (6) capacity to innovate, (7) quality of marketing, and (8) community and environmental responsibility. Although a company's rating of excellence was based on a single average score with each dimension being given equal weightings, the point here is that excellence is being seen to be multidimensional. Indeed, success is multidimensional and long-run success depends on the capacity of a business to satisfy the expectations of the various stakeholders, be they managers, customers, employees or creditors. Seeking excellence on one dimension only results in meeting

the needs of one group over that of others with resulting disequilibrium. Prof Peter Doyle of the University of Warwick argues that managers should therefore not seek to excel on any single goal, but rather look for a balanced performance over time on a set of goals.

## The search continues

There is also the tendency among many to make a rigid excellence/not excellent classification. This is probably quite incorrect. The world does not divide neatly into black and white and there are many shades of grey in between. Excellence should be seen as the extreme point on a continuum. Except for 'close to the customer', excellence as conceptualised by Peters and Waterman essentially refers to a set of organisational variables.

Recent developments would seem to indicate that excellence should be viewed as being more multidimensional. However there is no complete agreement as to what these dimensions should be. The search for excellence continues.

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